



## FEDERAL HOUSING FINANCE AGENCY

[No. 2021–N–11]

### Proposed Collection; Comment Request

**AGENCY:** Federal Housing Finance Agency.

**ACTION:** 30-day notice of submission of information collection for approval from Office of Management and Budget.

**SUMMARY:** In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the Federal Housing Finance Agency (FHFA or the Agency) is seeking public comments concerning an information collection known as “Minimum Requirements for Appraisal Management Companies,” which has been assigned control number 2590-0013 by the Office of Management and Budget (OMB). FHFA intends to submit the information collection to OMB for review and approval of a three-year extension of the control number, which is due to expire on October 31, 2021.

**DATES:** Interested persons may submit comments on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Submit comments to FHFA, identified by “Proposed Collection; Comment Request: ‘Minimum Requirements for Appraisal Management Companies, (No. 2021-N-11)’” by any of the following methods:

- *Agency Website:* [www.fhfa.gov/open-for-comment-or-input](http://www.fhfa.gov/open-for-comment-or-input).
- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comment to the *Federal eRulemaking Portal*, please also send it by *e-mail* to FHFA at [RegComments@fhfa.gov](mailto:RegComments@fhfa.gov) to ensure timely receipt by the Agency.
- *Mail/Hand Delivery:* Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street SW., Washington, DC 20219, ATTENTION: Proposed

Collection; Comment Request: “Minimum Requirements for Appraisal Management Companies, (No. 2021-N-11).”

We will post all public comments we receive without change, including any personal information you provide, such as your name and address, email address, and telephone number, on the FHFA website at <http://www.fhfa.gov>. In addition, copies of all comments received will be available for examination by the public through the electronic comment docket for this PRA Notice also located on the FHFA website.

Also send a copy of any comments that concern this information collection to [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain). Find this particular information collection request by selecting “Federal Housing Finance Agency” under “Currently Under Review;” then check “Only Show ICR for Public Comment” checkbox. Once you have found this information collection request, select “Comment,” and enter or upload your comment and information. Alternatively, you can mail your written comments to the Office of Information and Regulatory Affairs, OMB, Room 3002, New Executive Office Building, Washington DC 20503; Attention: Desk Officer for the Federal Housing Finance Agency.

**FOR FURTHER INFORMATION CONTACT:** Robert Witt, Senior Policy Analyst, Office of Housing and Regulatory Policy, by email at [Robert.Witt@fhfa.gov](mailto:Robert.Witt@fhfa.gov) or by telephone at (202) 649-3128; or Maura Dundon, Associate General Counsel, [Maura.Dundon@fhfa.gov](mailto:Maura.Dundon@fhfa.gov), (202) 853-6734 (these are not toll-free numbers); Federal Housing Finance Agency, 400 Seventh Street SW., Washington, DC 20219. For TTY/TRS users with hearing and speech disabilities, dial 711 and ask to be connected to any of the contact numbers above.

**SUPPLEMENTARY INFORMATION:**

FHFA is seeking comments on its upcoming request to OMB to renew the PRA clearance for the following collection of information:

*Title:* Minimum requirements for appraisal management companies.

*OMB Number:* 2590-0013.

*Affected Public:* Participating States and State-registered Appraisal Management Companies.

#### **A. Need for and Use of the Information Collection**

In 2015, FHFA, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Board of Governors of the Federal Reserve System (Board) (collectively, the Agencies) jointly issued regulations<sup>1</sup> to implement minimum statutory requirements to be applied by states in the registration and supervision of appraisal management companies (AMCs).<sup>2</sup> These minimum requirements apply to states that have elected to establish an appraiser certifying and licensing agency with authority to register and supervise AMCs (participating states).<sup>3</sup>

The regulations also implement the statutory requirement that states report to the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) the information required by the ASC to administer the national registry of AMCs (AMC National Registry or Registry).<sup>4</sup> The AMC National Registry includes AMCs that are either: (1) subsidiaries owned or controlled by an insured depository institution (as defined in 12 U.S.C. 1813) and regulated by either the FDIC, OCC, or the Board (federally regulated AMCs)<sup>5</sup>; or (2) registered with, and subject to supervision of, a state appraiser certifying and licensing agency.

FHFA's AMC regulation, located at Subpart B of 12 CFR part 1222, is

---

<sup>1</sup> The National Credit Union Administration and the Bureau of Consumer Financial Protection also participated in the joint rulemaking but, by agreement, the responsibility for clearance under the PRA of information collections contained in the joint regulations is shared only by the FDIC, OCC, the Board, and FHFA.

<sup>2</sup> See 12 U.S.C. 3353(a). An AMC is an entity that serves as an intermediary for, and provides certain services to, appraisers and lenders.

<sup>3</sup> 12 U.S.C. 3346.

<sup>4</sup> See 12 U.S.C. 3353(e).

<sup>5</sup> See 12 CFR 1222.21(k) defining a federally regulated AMC.

substantively identical to the AMC regulations of the FDIC, OCC, and the Board and contains the recordkeeping and reporting requirements described below.

*1. State Reporting Requirements (removed; formerly IC #1)*

FHFA's 60-day notice included an information collection named "State Reporting Requirements" regarding the regulatory requirement that each state electing to register AMCs for purposes of permitting AMCs to provide appraisal management services relating to covered transactions in the state submit to the ASC the information regarding such AMCs required to be submitted by ASC regulations or guidance concerning AMCs that operate in the state.<sup>6</sup> However, FHFA will not request to renew the State Reporting Requirements IC. The FDIC recently removed the same IC request in its 30-day notice. The FDIC stated that it did not need to take the PRA reporting burden because the ASC had issued its own regulations or guidance implementing these requirements and submitted its own IC taking the PRA burden.<sup>7</sup> FHFA concurs with the FDIC's analysis. Accordingly, FHFA will not request to renew the IC on State Reporting Requirements and that IC will be removed.

*2. State Recordkeeping Requirements (redesignated IC #1; formerly IC #2)*

States seeking to register AMCs must have an AMC registration and supervision program. The regulation requires each participating state to establish and maintain within its appraiser certifying and licensing agency a registration and supervision program with the legal authority and mechanisms to: (i) review and approve or deny an application for initial registration; (ii) periodically review and renew, or deny renewal of, an AMC's registration; (iii) examine an AMC's books and records and require the submission of reports, information, and documents; (iv) verify an AMC's panel members' certifications or licenses; (v) investigate and assess potential violations of laws, regulations, or orders;

---

<sup>6</sup> See 12 CFR 1222.26.

<sup>7</sup> See Federal Deposit Insurance Corporation, Agency Information Collection Activities: Proposed Collection Renewal; Comment Request, 86 FR at 58269, 58274 (Oct. 21, 2021).

(vi) discipline, suspend, terminate, or deny registration renewals of, AMCs that violate laws, regulations, or orders; and (vii) report violations of appraisal-related laws, regulations, or orders, and disciplinary and enforcement actions to the ASC.<sup>8</sup>

The regulation requires each participating state to impose requirements on AMCs that are not federally regulated (non-federally regulated AMCs) to: (i) register with and be subject to supervision by a state appraiser certifying and licensing agency in each state in which the AMC operates; (ii) use only state-certified or state-licensed appraisers for federally regulated transactions in conformity with any federally regulated transaction regulations; (iii) establish and comply with processes and controls reasonably designed to ensure that the AMC, in engaging an appraiser, selects an appraiser who is independent of the transaction and who has the requisite education, expertise, and experience necessary to competently complete the appraisal assignment for the particular market and property type; (iv) direct the appraiser to perform the assignment in accordance with the Uniform Standards of Professional Appraisal Practice; and (v) establish and comply with processes and controls reasonably designed to ensure that the AMC conducts its appraisal management services in accordance with sections 129E(a) through (i) of the Truth-in-Lending Act.<sup>9</sup>

FHFA is redesignating this IC from #2 to #3.

*3. AMC Disclosure Requirements (State-regulated AMCs) (redesignated IC #2; formerly IC#3)*

The regulation provides that an AMC may not be registered by a state or included on the AMC National Registry if the company is owned, directly or indirectly, by any person who has had an appraiser license or certificate refused, denied, cancelled,

---

<sup>8</sup> See 12 CFR 1222.23(a).

<sup>9</sup> See 12 CFR 1222.23(b). Sections 129E(a) through (i) of the Truth-in-Lending Act are located at 15 U.S.C. 1639e(a)-(i).

surrendered in lieu of revocation, or revoked in any state for a substantive cause.<sup>10</sup> The regulation also provides that an AMC may not be registered by a state if any person that owns 10 percent or more of the AMC fails to submit to a background investigation carried out by the state appraiser certifying and licensing agency.<sup>11</sup> Thus, each AMC registering with a state must provide information to the state on compliance with those ownership restrictions. Further, the regulation requires that a federally regulated AMC report to the state or states in which it operates the information required to be submitted by the state pursuant to the ASC's policies, including policies regarding the determination of the AMC National Registry fee, and information regarding compliance with the ownership restrictions described above.

In FHFA's 60-day notice, we combined federally and non-federally regulated AMCs in former IC#3, entitled "AMC Reporting Requirements." Subsequently, the FDIC issued its 30-day notice dividing the same information collected in FHFA's "AMC Reporting Requirements" IC into two different ICs: one for state-regulated AMCs, for which FHFA would take 10 percent of the burden (FDIC IC#3); and one for federally regulated AMCs, for which FHFA would take zero burden (FDIC IC#4).<sup>12</sup> FHFA concurs with this approach and revises its submission by disaggregating the federally regulated and state-regulated AMCs. In addition, FHFA is correcting the title of this IC to reflect that it is a disclosure requirement instead of a reporting requirement and redesignating it to IC#2. Thus, FHFA's redesignated IC#2 entitled "AMC Disclosure Requirements (State-regulated AMCs)" now only applies to state-regulated AMCs and corresponds to FDIC's IC#3.

*4. AMC Disclosure Requirements (Written Notice of Appraiser Removal From Network or Panel) (redesignated IC #3; formerly IC #4)*

---

<sup>10</sup> See 12 CFR §§ 1222.24(a), 1222.25(b).

<sup>11</sup> See 12 CFR 1222.24(b).

<sup>12</sup> See 86 FR at 58276, 58277. The FDIC's IC#3 and IC#4 are combined in FHFA's IC#3.

An entity meets the definition of an AMC that is subject to the requirements of the AMC regulation if, among other things, it oversees an appraiser panel of more than 15 state-certified or state-licensed appraisers in a state, or 25 or more state-certified or state-licensed appraisers in two or more states, within a given 12-month period.<sup>13</sup> For purposes of determining whether a company qualifies as an AMC under that definition, the regulation provides that an appraiser in an AMC's network or panel is deemed to remain on the network or panel until: (i) the AMC sends a written notice to the appraiser removing the appraiser with an explanation; or (ii) receives a written notice from the appraiser asking to be removed or a notice of the death or incapacity of the appraiser.<sup>14</sup> The AMC would retain these notices in its files. FHFA is correcting the title of this IC from "AMC Recordkeeping Requirements" to "AMC Disclosure Requirements (Written Notice of Appraiser Removal From Network or Panel)" to reflect that it is a disclosure requirement instead of a reporting requirement and redesignating it to IC#3 from IC#4.

## **B. Burden Estimate**

For the information collections described above, the general methodology is to compute the industry-wide burden hours for participating states and AMCs and then assign a share of the burden hours to each of the Agencies for each information collection.

As noted above, each of the Agencies' AMC regulations contains reporting and recordkeeping requirements applying to participating states and to both federally regulated and non-federally regulated AMCs.<sup>15</sup> The Agencies have estimated that approximately 3,860 entities meet the regulatory definition of an "appraisal management company."<sup>16</sup> According to the AMC National Registry, 3,817 (rounded to 3,820) are

---

<sup>13</sup> See 12 CFR 1222.21(c)(1)(iii).

<sup>14</sup> See 12 CFR 1222.22(b).

<sup>15</sup> In FHFA's regulations, the definition for AMC is set forth at 12 CFR 1222.21(c).

<sup>16</sup> *Id.* at 58276.

state-regulated.<sup>17</sup> Unlike the insured depository institutions regulated by the OCC, FDIC, and the Board, none of FHFA's regulated entities owns or controls an AMC or, by law, could ever own or control an AMC. Accordingly, the Agencies have agreed that responsibility for the burdens arising from reporting and recordkeeping requirements imposed upon federally regulated AMCs are to be split evenly among the OCC, FDIC, and the Board, and that FHFA will not include those burdens in its totals. The four Agencies have agreed to split the total burdens imposed upon participating states and upon non-federally regulated AMCs evenly between them.

Thus, for IC #1 "State Recordkeeping Requirements," which relates to reporting and recordkeeping requirements imposed upon participating states, each agency is responsible for 25 percent of the total estimated burden. For IC #3 "AMC Disclosure Requirements (Written Notice of Appraiser Removal From Network or Panel)" which relates to disclosure requirements imposed upon both federally regulated AMCs and non-federally regulated AMCs, the OCC, FDIC, and the Board are each responsible for 30 percent of the total burden, while FHFA is responsible only for 10 percent of the burden imposed.<sup>18</sup>

The Agencies estimate the total annualized hour burden placed on respondents by the information collection in the joint AMC regulations to be 8,208 hours. FHFA estimates its share of the hour burden to be 837 hours. The calculations on which those estimations are based are described below.

*1. State Recordkeeping Requirements (IC #1)*

The estimated burden hours on participating states for developing and maintaining an AMC licensing program is calculated by multiplying the number of states without a

---

<sup>17</sup> *Id.*

<sup>18</sup> FHFA's IC#2 "AMC Disclosure Requirements (State-regulated AMCs)" now collects information relating only to state-regulated AMCs, but FHFA will still be allocated only 10 percent of the burden. *See* 86 FR at 58277.

registration and licensing program by the hour burden to develop the system. The total burden hours are then equally divided among the FDIC, OCC, Board, and FHFA.

According to the ASC there are four states (the territories of Guam, Mariana Islands, Puerto Rico, and the U.S. Virgin Islands) that have not developed a system to register and oversee AMCs.<sup>19</sup> The burden estimate of 40 hours per state without a registration system is unchanged from the estimate provided for the currently-approved ICR. Therefore, the total estimated burden attributable to all of the Agencies is:  $4 \text{ states} \times 40 \text{ hours/state} = 160 \text{ hours}$ . The estimated burden hours attributable to FHFA are  $160 \text{ hours} \times 25 \text{ percent} = 40 \text{ hours}$ .

## *2. AMC Disclosure Requirements (State-regulated AMCs) (IC #2)*

The burden for AMC disclosure requirements for information needed to determine the AMC National Registry fee and information regarding compliance with the AMC ownership restrictions is calculated by multiplying the number of AMCs by the frequency of response and then by the burden per response. As described above, 30 percent of the burden hours are then assigned to each of the FDIC, OCC, and the Board, while 10 percent are assigned to FHFA. There are 3,820 state-regulated AMCs.

The frequency of response is estimated as the number of states that do not have an AMC registration program in which the average AMC operates.<sup>20</sup> As discussed above, 4 states do not have AMC registration or oversight programs. According to the Consumer Financial Protection Bureau (CFPB), the average AMC operates in 19.56 states.<sup>21</sup> Therefore, the average AMC operates in approximately 2 states that do not have AMC registration systems:  $(4 \text{ states}/55 \text{ states}) \times 19.56 \text{ states} = 1.422 \text{ states}$ , rounded to 2 states.

---

<sup>19</sup> Appraisal Subcommittee “States’ Status on Implementation of AMC Programs,” available at <https://www.asc.gov/National-Registries/StatesStatus.aspx>.

<sup>20</sup> The number of states includes all U.S. states, territories, and districts to include: The Commonwealth of the Northern Mariana Islands; the District of Columbia; Guam; Puerto Rico; and the U.S. Virgin Islands.

<sup>21</sup> See OMB No. 3064–0195 and the accompanying Supporting Statement submitted by the FDIC in 2018, available at [https://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=201804-3064-013](https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201804-3064-013). Additional details on the survey can be found in the text accompanying the final rule. See Minimum Requirements for Appraisal Management Companies, 80 FR 32,677 (June 9, 2015).

The burden estimate of one hour per response is unchanged from the estimate provided for the currently-approved ICR. Therefore, the total estimated hour burden is: 3,820 AMCs  $\times$  2 states  $\times$  1 hour = 7,640 hours. The estimated burden hours attributable to FHFA are 7,640 hours  $\times$  10 percent = 764 hours.

*3. AMC Disclosure Requirements (Written Notice of Appraiser Removal From Network or Panel) (IC #3)*

The burden for disclosure by AMCs of written notices of appraiser removal from a network or panel is estimated to be equal to the number of appraisers who leave the profession per year multiplied by the estimated percentage of appraisers who work for AMCs, then multiplied by burden hours per notice. As described above, 30 percent of the burden hours are then assigned to each of the FDIC, OCC, and the Board, while 10 percent are assigned to FHFA.

The number of appraisers who leave an AMC annually, either by resigning, being laid off, or having their licenses revoked or surrendered, is estimated to be 4,130. The burden estimate of 0.08 hours per notice is unchanged from the estimate provided for the currently-approved ICR. Therefore, the estimated total hour burden is: 4,130 notices  $\times$  0.08 hours = 330 hours (rounded to the nearest whole number). The estimated burden hours attributable to FHFA are 330 hours  $\times$  10 percent = 33 hours.

**C. Response to Comments Received**

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published an initial notice and request for comments regarding the renewal of the PRA clearance for this information collection in the *Federal Register* on August 23, 2021 (60-day notice).<sup>22</sup> The 60-day comment period closed on October 22, 2021.

FHFA received one comment. The commenter questioned FHFA's estimate that 3,860 entities meet the regulatory definitions of an AMC. The commenter stated that

---

<sup>22</sup> See 86 FR 47107 (Aug. 23, 2021).

“[b]ased on the federal definition of an AMC and our understanding of the number of state licensed AMCs, this estimate of approximately 3,860 entities meeting the definition of an AMC seems exceedingly high. We believe there are approximately 300 licensed entities doing business as AMCs.” The commenter does not provide any detail to explain how they arrived at their much lower estimate of 300 compared to FHFA and FDIC’s 3,860. Their comment gives no basis to ascertain the source of the discrepancy, either as to the underlying data or the analysis of the regulatory definition of AMCs.

FHFA has reviewed the comment and continues have confidence in the 3,860 estimate of AMCs. ASC’s 2020 Annual Report states that “[a]s of December 31, 2020, the Registry contained 3,417 AMCs.” The FDIC’s review determined that there are 3,854 total active AMCs in the Registry (both federally and non-federally regulated) as of June 2021, which we rounded to 3,860 in our 60-day notice. FHFA concurs with the FDIC’s review of the ASC Registry in June 2021. Both the FDIC analysis and the ASC Annual Report substantiate FHFA’s estimate and confirms our concurrence with the FDIC’s review. FHFA remains confident that the number is accurate. Accordingly, FHFA will not change the number of AMCs in the 30-day notice.

#### **D. Comments Request**

In accordance with the requirements of 5 CFR 1320.10(a), FHFA is publishing this second notice to request comments regarding the following: (1) Whether the collection of information is necessary for the proper performance of FHFA functions, including whether the information has practical utility; (2) the accuracy of FHFA’s estimates of the burdens of the collection of information; (3) ways to enhance the quality, utility, and clarity of the information collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Kevin Smith,  
*Chief Information Officer, Federal Housing Finance Agency.*

[FR Doc. 2021-23657 Filed: 10/29/2021 8:45 am; Publication Date: 11/1/2021]